29.6%. The Government announced a Farm Credit Package on 18.6.2004 which included doubling the flow of credit in three years time from the year of 2003-04.

The loan disbursed to Agriculture and Allied Sectors was Rs. 86,981 crores in year 2003-04 and Rs. 1,67,775 crore in the year 2005-06. The target for disbursement to the sector during 2006-07 is Rs. 1,75,000 crore which is likely to be surpassed.

(c) to (e) Guidelines on Scheme for Redemption of Debts of Farmers from Non-Institutional Sources were issued in June 2004 as part of the Farm Credit Package. Steps taken for enhancing the flow of Agriculture Credit have been effective in bringing new farmers under the fold of Institutional Credit.

An emphasis to credit link Self Help Goups (SHGs) has been made and more than 22 lakhs SHGs have been credit linked by March 2006. With a cumulitative bank credit of Rs. 11, 397.55 crores.

To enhance financial inclusion banks have been permitted to use the services of intermediaries in providing financial and banking services through the use of Business Facilitator and Business Correspondent models.

Services under Business Facilitator models may include-identification of borrowers; collection and preliminary processing of loan applications including verification of primary information/data, creating awareness about savings, etc.

The scope of activities undertaken by Business Correspondents will include-disbursal of small value credit; recovery of principal/collection of interest; collection of small value deposits, etc. This has been done to make available institutional credit to the masses.

Fiscal discipline for financial stability

777. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the RBI is advocating fiscal discipline which creates enabling conditions for monetary and financial stability;

(b) if so, the steps taken in this direction so far; and

(c) the impact of such fiscal discipline on the Indian economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) RBI have indicated that fiscal consolidation, *inter-alia*, would help in the process of achieving higher growth and macroeconomic stability.

(b) The Fiscal Responsibility and Budget Management Act, 2003 and the Rules framed thereunder stipulate mandatory annual fiscal correction by the Central Government. Many States have enacted similar fiscal responsibility legislation, which is incentivised through a package of debt relief and write-off awarded by the Twelfth Finance Commission.

(c) The impact of maintenance of such fiscal discipline would include, a strong financial sector, sustenance of business confidence, maintenance of growth momentum and macroeconomic stability.

Study on price structure of commodities after implementation of VAT

778. SHRI THENNALA G. BALAKRISHNA PILLAI: Will the Minister of FINANCE be pleased to state:

(a) whether Government's revenue has increased after introudction of Value Added Tax;

(b) if so, the details thereof;

(c) whether Government have conducted any study about the price structure of commodities after the introduction of VAT; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The revenue performance of VAT implementing States has been quite encouraging so far. During 2005-06, the tax revenue of VAT implementing States registered an increase of about 13.8% as per provisional estimates, which is higher than the Compound Annual Growth Rate (CAGR) of these States for the preceding 5 years. During the first quarter of 2006-07, the tax revenue registered an increase of about 26.6% over the corresponding period of last year as per the provisional estimates. It is true that in case of some